

Farm Storage Facility Loan Program

For State and County Offices

SHORT REFERENCE

1-FSFL

UNITED STATES DEPARTMENT OF AGRICULTURE Farm Service Agency Washington, DC 20250

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency Washington, DC 20250

Farm Storage Facility Loan Program 1-FSFL	Amendment 1				
Approved by: Deputy Administrator, Farm Programs	miliu				
Amendment Transmittal A					

This handbook has been issued to implement the provisions of FSFLP.

Reason for Issuance

6-14-00 Page 1

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1 Overview

A PSrpose

[7 CFR 1436.1] This handbook provides the terms and conditions under which CCC may provide low cost financing for producers to build or upgrade farm storage and handling facilities.

B Sources of Authority

Authority for the requirements in this handbook are as follows:

- C 7 CFR Part 1436
- CCC Charter Act, 15 U.S.C. 714 et seq.

C Related FSA Handbooks

The following FSA handbooks concern FSFLP.

IF the area of concern is about	THEN see					
approved abbreviations	1-CM.					
establishing claims	58-FI.					
appeals	1-APP.					
repayments and deposits	3-FI.					
document retention period	25-AS.					
audits and investigations	9-AO.					
disbursing lien search and UCC-1 recording fees	1-FI.					
interest rates	50-FI.					
prompt payment	61-FI.					
IRS reporting	62-FI.					

2 Program Information

A

Administering FSFLP

[7 CFR 1436.2] FSFLP shall be:

- C administered under the general supervision of DAFP
- C carried out in the field by STC's, COC's, and FSA employees.

В

Restrictions

STC's and COC's, and representatives and employees thereof, do not have the authority to modify or waive any of the provisions of this handbook unless authorized to do so by DAFP.

\mathbf{C}

STC Actions

STC shall:

- take any action required by this handbook that has not been taken by COC
- C correct, or require COC to correct, an action taken by COC that is not according to this handbook
- C require COC to withhold taking any action that is not according to this handbook.

D Determinations

No provision or delegation to STC or COC shall preclude the Executive Vice President, CCC, or a designee, or the Administrator, FSA, or a designee, from:

- C determining any question arising under FSFLP
- C reversing or modifying any determination made by STC or COC.

 \mathbf{E}

Waivers

DAFP may authorize STC's and COC's to waive or modify deadlines and other program requirements in cases where lateness or failure to meet these other requirements does not adversely affect the FSFLP operation.

F Execution

A CCC representative may execute FSFLP applications and related documents only as follows:

- C when all approvals for loans or other related actions have been given according to this handbook, all documents, except CCC-185's, shall be signed by either of the following:
 - C a COC member
 - CED or Acting CED, if CED has written redelegation from COC to do so
- CCC-185's must be signed on behalf of CCC in connection with loans and other related actions by a:
 - COC member for loans approved by COC
 - C STC member for loans approved by STC
- any such document that is not executed according to these terms and conditions, including any purported execution before the date authorized by CCC, shall be null and void.

3-9 (Reserved)

10 Loan Availability

A

Signup

[7 CFR 1436.4] County Offices shall accept CCC-185's and supporting documents:

- C at any time during normal office hours
- C from producers in person or by mail, not by FAX
- at least 15 calendar days in advance of the COC meeting at which the application will be acted upon.

В

Where to Apply

Applications from eligible borrowers for a loan shall be submitted to the administrative County Office that maintains the applicant's farm records.

\mathbf{C}

Documentation

Upon request, the applicant shall provide information and documents as STC or COC determines reasonably necessary to support the application. Examples are:

- C financial statements
- C receipted bills
- C invoices
- C purchase orders
- C specifications
- C drawings
- C plats
- C written authorization of access to the proposed storage site.

COC is responsible for taking appropriate action on the application.

D Producer Act

Producer Actions Before Loan Approval County Offices shall not approve loans to producers who take any of the following actions before a loan can be approved and funded:

- C accept delivery of parts
- C begin site preparation
- C begin foundation construction
- C begin bin construction
- C begin upgrading an existing facility.

11 Eligible Borrowers

A

Basic Requirements

[7 CFR 1436.5] An eligible borrower is any person who, as a landowner, landlord, operator, producer, leaseholder, tenant, or sharecropper:

- C has a satisfactory credit history as determined by CCC
- has no delinquent Federal debt defined by the Debt Collection Improvement Act of 1996
- C is a producer of facility loan commodities as defined in Exhibit 2
- C provides proof of multi peril crop insurance from FCIC or a private company

A

Basic

- C is in compliance with USDA provisions for highly erodible land
- Requirements (Continued)
- C demonstrates the ability to repay the debt resulting from FSFLP
- C demonstrates compliance with the National Environmental Policy Act at 40 CFR Parts 1500-1508
- C demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures
- C provides all peril insurance and, if applicable, flood insurance
- C has not been convicted under Federal or State law of a controlled substance violation, according to 1-CM, Part 38.

B Determining Borrowing Entity

County Offices shall:

- C determine the borrowing entity from County Office records, if available
- C allow borrowers who are otherwise eligible to enter into joint loans with another eligible borrower if adequate security requirements can be met
- C not allow schemes to avoid the maximum loan limit.

Note: Generally, the borrowing entity will be the producer:

- C of facility loan commodities that require storage at the proposed storage location
- C who meets all other requirements.

C Storage and Drying Need Requirement

Applicants shall demonstrate a need for storage, drying, and handling capacity as determined by the following formula.

Step		Action				
1	Determine the borrowing entity and the applicable farm operation from sources, such as AD-1026A or CCC-502's.					
2	Determine a 3-year average acreage for each facility loan commodity requiring storage at the proposed storage location from the 3 most recent crop year acreage reports. Reasonable projections may be used for newly acquired farms and facility loan crops being grown for the first time. Note: Late-filed manual acreage reports may be accepted for FSFLP purposes only.					
3	Multiply each average acreage by the applicable crop yield as determined to be reasonable by COC, total the results, and multiply the result times 2.					
4	Deduct existing storage capa	city for the applicable crops.				
5	IF result from step 4 is THEN					
	greater than zero the producer is eligible for needed capacity, not to exceed the producer's proposed capacity or capacity to be upgraded. less than zero notify the producer that he or she is ineligible. Provide appeal rights according to 1-APP.					

A Eligible Storage and Handling Facilities

[7 CFR 1436.6] Loans shall only be made for purchasing and installing eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities as follows:

- c new conventional type cribs or bins designed and engineered for whole grain storage having a useful life of at least 10 years
- C new oxygen limiting and other upright silo-type structures designed for whole grain wet storage having a useful life of at least 10 years
- C new affixed grain handling equipment and grain drying equipment, including perforated floors, considered to be essential to the proper functioning of the grain storage system
- C new flat-type storage structures, including a permanent concrete floor, designed for and primarily used to store whole grain for the term of the loan
- C new electrical equipment, such as lighting, motors, and wiring, integral to the proper operation of the grain storage and handling equipment, excluding the installation of electrical service to the electrical meter
- C new safety equipment, such as lighting, inside ladders, and outside ladders
- C new equipment to improve, maintain, or monitor the quality of stored grain, such as cleaners, moisture testers, and heat detectors, in conjunction with a proposed storage facility
- C new concrete foundations, aprons, pits, and pads, including site preparation, labor, and material, essential to the proper operation of the grain storage and handling equipment.

B Ineligible Storage and Handling Facilities

Ineligible storage and handling equipment includes the following:

- C portable grain drying equipment that is:
 - on wheels and can be moved from 1 grain drying site to another
 - C not affixed or anchored to a permanent location
- C structures of a temporary nature that require the weight or bulk of the commodity stored to maintain its shape, such as fence or bags, not having a useful life of 10 years
- C structures that are bunker-type, horizontal, or open silos used to store facility loan commodities harvested as other than grain
- C storage structures to be used for commercial purposes as defined in Exhibit 2

Note: STC's may allow, subject to DAFP approval, exceptions to this requirement if an applicant is otherwise eligible and the intent and purpose of FSFLP are being met.

c structures that are not suitable for storing the facility loan commodities for which a need is determined.

C Renovating Storage Structures

Loans may be approved for financing additions to or modifications of an existing storage facility to increase storage capacity if COC determines that the modification is:

- C necessary to increase the storage capacity of the unit
- not for maintenance, repair, or replacement of items, such as motors, fans, and wiring.

Note: Storage that is deteriorated to the point where it is, in the opinion of COC, no longer functional for storage purposes, will not be considered as existing storage capacity.

13 Term of Loan

A

Maximum Term

[7 CFR 1436.7] The maximum term of the loan shall be 7 years from the date of the execution of CCC-186.

В

Extensions

No extensions of the loan term are authorized.

14 Security for Loans

A

CCC-186's

[7 CFR 1436.8] All loans shall be secured by CCC-186 covering the farm storage facility. CCC-186 shall:

- C grant CCC a security interest in the collateral
- C be executed as required by applicable State law.

B Prior Liens on Real Estate

CCC's security interest in the **collateral**, such as the actual storage structure, shall constitute the sole security interest in collateral. If prior liens on the underlying real estate attach to the collateral, County Offices shall:

- C for loans under \$50,000, obtain a severance of this lien in writing from each prior lien holder and each person, other than the borrower, having an interest in the real estate on which the collateral is to be located
- not allow any additional liens or encumbrances to be placed on the storage facility after the loan is approved unless CCC approves otherwise in writing.

 \mathbf{C}

Real Estate Lien Requirements

A lien on the real estate on which the farm storage facility is located will be required on loans over \$50,000. For loan amounts exceeding \$50,000, CCC's interest in the real estate shall be superior to all other lien holders. If the real estate is covered by a prior lien, a lien subordination may be obtained by a form prescribed by CCC.

If prior lien holders will not subordinate to CCC, COC may approve alternative forms of security, such as:

- C subsequent lien position
- C first lien on different realty
- C letter of credit.

D

Form of Real Estate Lien

Real estate liens shall be in the form of a real estate mortgage, deed of trust, or other security instrument approved by CCC and according to applicable State laws.

E Real Estate Lien Guidelines

The lien should cover an acreage, including the entire parcel of real estate underlying the collateral, that is:

- cufficient, in the approving committee's opinion, to ensure repayment of the loan
- C a salable unit in the event of foreclosure.

If the real estate is covered by a prior lien and a superior lien is required, the superior lien may be obtained by a form prescribed by the Regional Attorney.

If FSA holds the first lien on applicable real estate through an FLP loan, no real estate or superior lien is required.

Note: See paragraph 117 for further provisions.

F Land Separate

From the
Collateral

Real estate liens may cover an acreage of land separate from the collateral if an adequate lien on the underlying real estate is not feasible and if:

- C the borrower owns the separate acreage
- C the acreage of the entire parcel is sufficient enough, in the approving committee's opinion, to ensure repayment of the loan
- C reasons why a lien on the underlying real estate was not feasible are documented.

G Other Forms of Security

Other forms of security may be considered to be acceptable by the approving committee, such as:

- C a letter of credit from a financial institution provided by the applicant in an amount sufficient to protect CCC's security interest in the collateral for each year of the term of the loan
- C a performance bond or similar instrument.

H Renovated Structures

If an existing structure is remodeled and an addition becomes an attached, integral part of the existing storage structure, CCC's security shall include the existing storage structure.

I Filing and Recording Fees

The cost of filing collateral lien searches and recording UCC-1's shall be paid by CCC. All other fees, including any attorney fees, real estate lien search fees, and instrument filing fees, shall be paid by the borrower.

A

Aggregate Outstanding Balance The aggregate outstanding balance of all facility loans shall not exceed \$100,000 per borrower.

В

Loan Limit

Only 1 loan per borrower may be approved each FY.

 \mathbf{C}

Determining Loan Amount The principal amount of any farm storage facility loan shall be 75 percent of the net cost of the applicant's needed storage or handling equipment, not to exceed \$100,000.

D

Net Cost

[7 CFR 1436.9] The cost on which the loan shall be based is the net cost of the following:

- C eligible facility
- C accessories
- C services to the applicant after discounts and rebates.

Note: STC may establish a maximum per bushel net cost.

\mathbf{E}

Net Cost Items

The net cost for storage and handling equipment may include the following:

- C purchase price
- C sales tax
- C shipping charges
- C delivery charges
- C site preparation costs
- C installation costs
- C material and labor for concrete pads
- C material and labor for electrical wiring and electrical motors
- C off-farm paid labor
- C new on-farm material approved by COC
- C fees, such as attorney or archaeological study fees.

Note: The net cost shall not include secondhand material or any other item that is determined by the approving authority to be ineligible for loan.

F Larger Capacity Than Needed

When a storage structure has a larger capacity than the applicant's needed capacity, the net cost shall be prorated and the loan amount computed as follows.

Step	Action				
1	Divide the eligible net cost by the bushels of capacity.				
2	Multiply the per bushel cost times the bushels of capacity for which the applicant is eligible.				
3	Multiply the result times .75.				

Example: Applicant proposes to build a 75,000 bushel storage bin. Net cost is \$75,000. Eligible storage need is 50,000 bushels. Net cost per bushel is \$1 (75,000 bushels divided by \$75,000). Eligible net cost is \$50,000 (\$1 times 50,000 bushels). Loan amount is \$37,500 (\$50,000 times .75).

G Ineligible Space in a Flat Storage Structure

When a flat storage structure has space that is not used primarily for grain storage, such as office space, compute the loan amount as follows.

Step	Action
1	Determine a factor for eligible space by dividing the square footage that is primarily used for grain storage by total square footage of the building.
2	Determine the total net cost of the building.
3	Multiply the result from step 2 by .75 and multiply that result by the factor from step 1.

Example: Applicant proposes to build a 75,000 square foot flat storage building. Net cost is \$75,000. Eligible storage space is 74,000 square feet. Factor for eligible space is .99 (74,000/75,000). Loan amount is \$55,687.50 (\$75,000 times .75 times .99).

H Approvals

STC may:

- C approve applications up to the maximum approval amount
- C establish limits for COC approval authority
- C establish a maximum per bushel limit for net cost.

I Approval Expiration

Loan approvals expire 4 months after the approval date, unless extended in writing for up to an additional 4 months by STC.

Note: See paragraph 121 for further details.

J STC Concurrence

STC or its representative shall:

- C concur before disbursement with the first 5 applications filed and approved each FY at an administrative County Office regardless of the amounts requested
- C concur with approvals for COC and STC members and FSA employees
- C document concurrence in the loan folder
- C initiate corrective action where necessary.

16 Downpayment

A Minimum

Downpayment

[7 CFR 1436.10] A minimum downpayment shall be:

- C the difference between the net cost of the storage facility and the amount of the loan determined by paragraph 15
- C made by the loan applicant to the supplier or contractor before the loan is disbursed.

В

Allowances

The downpayment must be in cash.

C

Exclusions

The downpayment shall not include any of the following:

- C discount
- C rebate
- C credit
- C deferred payment
- C post-dated check
- C promissory note to the supplier or contractor
- C trade-in value.

17 Disbursement

A

Inspection and Approval

[7 CFR 1436.11] CCC shall disburse the loan when the farm storage facility has been:

- C delivered
- C constructed
- C assembled
- C installed
- C inspected and approved by a COC representative
- C determined to be free of liens other than CCC's by a final lien search.

В

Evidence of Total Cost

Disbursement will be made only if the borrower provides satisfactory evidence of the following:

- C total cost of the facility
- C payment of all debts on the facility in excess of the amount of the loan
- C required downpayment.

\mathbf{C}

Joint Disbursement

Disbursements shall be made jointly to the borrower and the contractor or supplier.

Exception:

Disbursement may be made to the borrower if the County Office determines the borrower has paid the contractor or supplier all amounts that are due and owing with respect to the facility.

18 Interest Rate

A Rate

[7 CFR 1436.12] The interest rate for a loan shall be:

- C the rate equivalent to Treasury securities of a comparable term in effect during the month of the loan approval
- C in effect for the term of the loan.

В

Monthly Announcements The interest rate will be announced each month by CCC.

19 Application Fee

A

County Office Action

County Offices shall:

- C charge the loan applicant a nonrefundable application fee of \$45
- C collect the fee at time of application
- C deposit the fee according to 3-FI.

20-29 (**Reserved**)

30 Publicity Requirements

A State Office Action

State Offices shall publicize, at least twice per calendar year, the availability of FSFLP by:

- C providing press releases and fact sheets to regional news media within the State
- C informing regional farm storage facility distributors about the basic provisions of FSFLP
- C informing regional banks and other farm lending institutions about the basic provisions of FSFLP
- C providing basic program provisions on the State Internet website, if available.

B County Office Action

County Offices shall publicize, at least twice per calendar year, preferably well in advance of the storage season for applicable crops, the availability of FSFLP by:

- C providing basic program provisions in:
 - C periodic newsletters
 - C press releases
 - C radio announcements
 - C the County Office Internet website, if available
- C informing local farm storage facility distributors about the availability of FSFLP
- Informing local banks and other farm lending institutions about the availability of FSFLP.

 \mathbf{A}

Address for PSD Website

PSD shall provide FSFLP fact sheets and applicable forms at the PSD Internet website. The address is http://www.fsa.usda.gov/dafp/psd/.

32-41 (**Reserved**)

Part 4 Accepting and Preparing Applications

Section 1 Applications and Supporting Information

42 Applications

A Initial Contact

When producers inquire or wish to apply for loans, County Offices shall explain the following requirements and provisions.

Торіс	Reference				
producer eligibility	paragraph 11				
storage need	subparagraph 11 C				
eligible storage facility types	paragraph 12				
environmental evaluation and assessment	Part 4, Section 3				
loan funding availability	subparagraph 115 A				
security types and filing	paragraph 14				
crop insurance, all peril structural insurance, and flood insurance	paragraph 58				
interest rate	paragraph 18				
maximum loan amount	paragraph 15				
downpayment	paragraph 16				
repayments	paragraph 150				
compliance with local land use law	paragraph 59				

B Obtaining Forms and Filing

Applications

Applicants:

- C may obtain CCC-185 and other forms from the PSD website to prepare applications
 - C must handcarry the application package to the County Office for discussion and submission
 - C shall not FAX signed applications until FSA has implemented a policy for FAXed forms and signatures.

C Accepting Applications

County Offices shall:

- C ensure that all of the following forms are complete before accepting and processing the application:
 - CCC-185 and supporting documents
 - C FSA-431-2 for the current year and the year an installment is due or a similar balance sheet and cash flow statement
- C collect the application fee before accepting the application
- C for accepted applications missing information, notify the applicant in writing granting 15 workdays to provide missing information.

D Preparing CCC-185

County Offices shall prepare:

- C manual CCC-185 for producer's signature and for data entry purposes unless sufficient information is available to prepare CCC-185 in APSS
- CCC-185 in APSS as soon as the producer has provided sufficient information.

E

Instructions for Preparing the

Manual CCC-185

Prepare the manual CCC-185 according to the following instructions.

Item	Instructions						
1A	Enter State code.						
1B	Enter county code.						
1C	Leave blank until a number is assigned by APSS, unless this will be a manual CCC-185, because software is not available. Manual application numbers consist of a 4-digit FY, followed by a forward slash, followed by a 97000 series beginning with 97001.						
2A	Enter exact name and exact address of the loan applicant.						
2B	Enter identification number applicable to name or entity applying.						
2C	Enter telephone number of the applicant.						
3	Enter amount requested for the loan based on accurate estimates of net costs of eligible materials. The amount should equal net cost times 75 percent. Attach an itemized list showing cost breakdown of storage, drying or handling items, and materials and labor for installation.						
4	Explain the purpose of the loan.						
	Example: To purchase and construct a 50,000 bushel grain storage bin with aeration floor and grain spreader.						
5A	Enter all FSN's where eligible facility commodities are produced and require storage at the proposed storage location. It may be necessary to enter more than one FSN on a line for each commodity.						
	Note: See subparagraph 11 C for policy on determining storage need.						
5B	Enter facility loan commodities that are produced on the farm. If a facility loan commodity will be grown for the first time, it may be entered.						
5C	Enter a 3-year average acreage calculated from the 3 most recent acreage reports. Use whatever year is available if 3 years of data is not available. If a facility loan commodity is being planted for the first time, or a farm is newly acquired but crops are yet to be planted, enter a reasonable projected acreage.						
5D	Enter a yield per acre that is determined to be reasonable by COC for each facility loan commodity.						

E Instructions for Preparing the Manual CCC-185 (Continued)

Item	Instructions						
5E	Leave blank until application is entered into APSS, or multiply item 5C times item 5D for each facility loan commodity on each farm listed.						
5F	Total the amounts in item 5E.						
5G	Multiply item 5F times 2.						
5H	Enter applicable existing storage that is used for the commodities to be stored.						
	Example: Storage is proposed for wheat and dry shelled corn. Do not consider existing capacity for ear corn, corn silage, or high moisture corn.						
5I	Subtract item 5H from item 5G. Result is additional capacity needed.						
5J	Enter the capacity of the proposed structure.						
5K	Enter the result of item 5I minus item 5J. If the result is negative, follow subparagraph 15 F to prorate net cost. If the result is zero or positive, no further action is required.						
6	Check whether the facility has been purchased or will be purchased. Obtain copies of all invoices and contracts if facility has been purchased.						
7	Enter from whom the facility equipment will be or was purchased.						
8	Check whether property was erected or will be erected.						
9	Enter who will construct the facility equipment.						
10	Enter date property was or will be delivered to the proposed site.						
11	Enter a legal description for the site where the property will be erected.						
12A	Enter the name of the owner of the real estate if other than the applicant.						
12B	Enter any applicable real estate lien information. If there are no lien holders, enter "none". Obtain applicant's initials and date.						
13A & B	Signature of applicant and date signed.						
13C & D	Signature of co-applicant and date signed.						

F

Loan Folders

County Offices shall:

- C prepare a separate 6-position or similar folder for each CCC-185
- C file all applicable documents in the folder
- C safeguard the folder and documents in a locked file according to 25-AS.

G Example of Manual CCC-185

Following is an example of a manual CCC-185.

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A County Office Action

County Offices shall process an application as follows.

Step	Action
1	Collect the \$45 application fee and accept a complete application.
2	Conduct a lien search when there is a sufficient description of equipment, and file UCC-1 on the collateral.
3	For loans over \$50,000 or as necessary, instruct the applicant to order a title opinion or conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility.
4	Determine the storage need for increased storage capacity based upon existing storage availability and cropping history.
5	Obtain and analyze a credit history report.
6	Complete a financial analysis to verify applicant has financial ability to provide downpayment and to pay future installments.
7	Obtain CCC-190 for waivers of prior liens on collateral such as the storage structure, if applicable.
8	Obtain CCC-297 from holders of liens on real estate underlying the intended storage facility.
9	Verify that aggregate outstanding FSFLP balance for the borrower is less than or equal to \$100,000.
10	Verify compliance with Debt Collection Improvement Act of 1996.
11	Complete FSA-850.
12	Verify compliance with National Historic Preservation Act.
13	Obtain proof of crop insurance.
14	Verify compliance with HEL provisions.
15	Verify compliance with local land-use laws.
16	Verify that applicant has not been convicted of growing controlled substances.

A

Obtaining Balance Sheets and Cash Flow Statements

County Offices shall prepare or obtain FSA-431-2 or a similar acceptable plan prepared by either the borrower or a financial institution within the last 90 calendar days from the applicant to determine:

- C that the applicant has the financial ability to make the downpayment
- C that the applicant has the financial ability to timely repay the loan
- C whether COC should approve or disapprove the loan
- C the level of collateral security needed.

B Acceptable Balance Sheets and Cash Flow Statements

County Offices shall use 1 of the following to make the determinations in subparagraph A:

- C FSA-431-2.pdf available at the FSA website "http://www.fsa.usda.gov"
- C FSA-431-2 IBM System 36 software
- C FSA-431-2 PC
- C a balance sheet and cash flow statement approved for use in the State
- a balance sheet and cash flow statement that provides all the information necessary to make the determinations in subparagraph A.

Note: Existing plans used for FLP may be used, but must be revised to plan for FSFLP debt. FLP staff must be consulted before any revisions to existing plans take place.

C Planning for Downpayment

County Offices shall prepare or obtain a plan for the applicant's current FY:

- C using actual expenses, if available
- \$\mathcal{C}\$ showing enough cash available to make the required downpayment.

D

Planning for

If FSA-431-2 is used, County Offices shall prepare a projected plan:

Future Installments

C for the applicant's FY in which the first loan installment is due

Using FSA-431-2

- C showing the total cost of the storage facility in FSA-431-2, Table H, "Planned Expenses" column
- \$\mathcal{C}\$ showing the approximate amount of the loan in FSA-431-2, Table H, "FSA Credit Needed" column
- \$\mathcal{C}\$ showing the projected installment amount for the loan in FSA-431-2, Table K
- \$\mathcal{C}\$ showing an amount available in FSA-431-2, Table J, item 15 equal to or exceeding the total amount due in Table K.

45 (Reserved)

A

Obtaining Credit Reports

State or County Offices shall:

- C request credit reports using the same or a similar method that is used in each State for FLP
- C use existing credit report contracts, if possible
- C obtain a current report of the applicant's credit history
- C pay for reports with CCC-184 using program code XXFSLRF where "XX" is the last 2 digits of FY.

B Analyzing Credit

History Reports

County Offices shall:

- C analyze credit reports to detect:
 - patterns of late payments or nonpayments
 - C bankruptcy and foreclosures
 - C heavy use of short-term or high-interest loans or credit cards
- Use pertinent information from the financial statements and credit history reports to prepare recommendations to COC.

C Delinquent Federal Debt

Reports

County Offices shall:

- dentify producers who are delinquent on Federal debts at the time the loan is being processed, as required by the Debt Collection Improvement Act of 1996
- Obtain reports of producers delinquent on Federal debts using the system approved for use in the State
- 0 not approve FSFLP loans for delinquent Federal debtors, except if they become nondelinquent by the time the loan is disbursed.

A County Office Action

County Offices shall:

- C obtain the applicant's signature on UCC-1 at the time of application and before the farm storage equipment is delivered to the farm
- C prepare UCC-1 according to State law as soon as an adequate description of the collateral is available
- C perform a lien search or pay for lien searches to determine that no other liens are filed on the collateral
- C cease loan processing if other liens are found on the collateral and notify the applicant
- C obtain lien waivers on CCC-190
- C file or record UCC-1 according to State law before the equipment is delivered to the proposed location
- C pay filing or recording fees
- C file UCC-3's **before** original UCC-1's expire.

48-57 (**Reserved**)

6-14-00 1-FSFL Amend. 1 Page 4-10 (through 4-30)

58 Insurance Requirements

A

Crop Insurance Requirement

To enhance a borrower's repayment ability, County Offices shall:

- C require the producer to provide proof of crop insurance for all insurable facility loan commodities on all farms operated by the borrower in the county where the storage facility is located
- C annually obtain proof of insurance for each crop year applicable to the entire term of the loan.

B Acceptable Forms of

Insurance

Acceptable forms of crop insurance are any level of coverage of multi peril insurance, including the catastrophic level from FCIC and its agents or a private company.

\mathbf{C}

Acceptable Proof of Insurance

County Offices shall accept proof of insurance, such as:

- C statements of coverage for the applicable crop year
- C applications for insurance for the applicable crop year signed by the agent
- C other forms of proof acceptable to CED.

D Crop Insurance Waiver

County Offices shall:

- C waive the requirement if it is too late for the producer to obtain insurance for the crop year
- C enter the following statement on CCC-185, remarks section:

"I agree to purchase crop insurance for facility loan commodities during the next available sales period. I understand that my failure to meet this requirement will be construed as a program violation."

\mathbf{E}

Failure to Obtain Crop Insurance

County Offices shall:

- C monitor the borrower's crop insurance status
- C consider a lack of insurance to be a program violation
- C take action to call loans, if necessary, when borrowers do not maintain insurance.

F All Peril Structural and

Flood Insurance

To protect CCC's interest in collateral, County Offices shall:

C require borrowers to obtain all peril insurance on the storage, handling, or drying structures listing CCC as a loss payee

Note: Structures must be insured against flooding if the structure is located in a flood plain.

- C obtain proof of all peril and, if applicable, flood insurance that lists CCC as a loss payee as soon as it is available
- companies or borrowers.

A County Office Action

To avoid conflicts with local land use laws, County Offices shall:

- C determine whether local land use laws are applicable at the proposed storage facility location by contacting local code enforcement officers
- C obtain, from producers, copies of applicable:
 - C building permits
 - C zoning variances
 - C site plans
 - C environmental evaluations and assessments
- C use information obtained for FSA eligibility purposes and environment evaluations
- C not approve loans where applicants are not in compliance with applicable local land use laws.

60-69 (**Reserved**)

70 Overview

A Background

This section:

- C is consistent with the Council on Environmental Quality's Regulations for Implementing the Procedural Provisions of NEPA, 40 CFR Parts 1500-1508; the National Historic Preservation Act, 16 U.S.C. 470; and all other environmental laws, regulations, and executive orders applicable to Federal actions
- C contains provisions for implementing due diligence into the loan process.

FSA shall consider environmental quality as equal with economic, social, and other relevant factors in program development and decision making processes.

When adverse environmental impacts are identified, either direct or indirect, an examination will be made of alternative courses of action, including no action, potential environmental impacts, and any mitigation measures.

B Objectives

The primary objectives of this section are for FSA to make better decisions by:

- taking into account potential environmental impacts of proposed projects
- working with FSA applicants, other Federal agencies, Indian tribes, State and local
 governments, and interested citizens and organizations to formulate actions that
 advance the program goals in a manner that will protect, enhance, and restore
 environmental quality.

To accomplish these objectives, the identification of potentially significant impacts on the human environment is mandated to occur early in FSA's planning and decision making processes. FSA-850 must be completed before FSA's decision on whether or not to approve the loan request. This early availability of the results of the environmental review process is intended to ensure that FSA decisions are based on an understanding of their environmental consequence, as well as the consequences of alternative courses of action.

FSA-850 is to be supported by accurate analysis and will concentrate on the issues that are timely and relevant to the action in question, rather than amassing needless detail. This document and its preparation and review will be coordinated with other Federal or State agencies jointly participating in proposed actions or related actions, to avoid duplication of effort and to achieve a coordinated and timely response.

C State Environmental Policy Acts

Numerous States have enacted environmental policy acts or regulations similar to NEPA, hereafter referred to as State NEPA's. It will be the responsibility of each SEC to determine the applicable State requirements and to establish a working relationship with the State personnel responsible for their implementation. If it is determined there is a State NEPA, consult RD Instruction 1940-G, Section 1940.328 for further guidance on how to proceed.

71 Evaluating the Environmental Impact

A Preparing Evaluations

All requests for loans to construct or refinance farm storage facilities will be evaluated by completing FSA-850. FSA-850 provides a mechanism for:

- C reviewing actions to determine impacts
- C documenting a finding of no significant impact, as well as compliance determinations for other applicable environmental laws, regulations, and policies.

With additional and supporting documentation, FSA-850 also provides a format for assessing potential impacts and reviewing alternatives and mitigation measures when potential impacts to any of the protected resources listed on FSA-850, item 3 are identified.

B Preparer Action

In completing FSA-850, the preparer must:

- become familiar with the elements of the action, the nature of the environment to be affected, the relationship to any other Federal actions or related non-Federal actions, and the applicable environmental laws and regulations
- determine whether the action affects an environmental resource that is the subject of a special Federal consultation or coordination requirement
- demonstrate the required compliance if any of the protected resources listed on FSA-850, item 3 is to be affected by accomplishing the review and coordination requirements for that resource

B

Preparer Action (Continued)

- incorporate either of the following:
 - comments of State, regional, and local agencies obtained through applicable permit reviews
 - the implementation of Executive Order 12372, Intergovernmental Review of Federal Programs, into the evaluation if this review applies to the action
- address the issue of any controversy

Note: If the action is the subject of isolated environmental complaints or any questions or concerns that focus on a single impact, such as air quality, address the analysis of these complaints or questions.

• analyze the potential cumulative impacts of this action, particularly as it relates to other planned or recently approved FSA actions in the area in question.

C Other Interested Agencies and Parties

In completing FSA-850 for an action, it is important to understand the comprehensive nature of the impacts that must be analyzed. Consideration must be given to all potential impacts associated with the action's construction, the project's operation and maintenance, the operation of all identified primary beneficiaries, and the attainment of the action's major objectives.

Once adequate data has been obtained, the evaluation will be initiated. In completing the evaluation, appropriate experts from State and Federal agencies, universities, and local and private groups may be contacted as necessary for their views. The preparer should communicate with these agencies or parties in the most appropriate and expeditious manner possible, depending upon the seriousness of the potential impacts and the need for formal documentation. Comments from an expert must be obtained in writing whenever required or when the potential environmental impact is either controversial, complex, major, or apparently major. When correspondence is exchanged, it will be appended to the assessment. Document oral discussions and attach them as an exhibit to the evaluation.

At the earliest possible stage in the evaluation process, the preparer shall identify the Federal, State, and local parties that are carrying out related activities, either planned or under way. Discussions with the applicant and FSA staff familiar with the project area should assist in this identification effort. If there is a potential for cumulative impacts, the preparer shall consult with the involved agencies to determine the nature, timing, and results of their environmental analysis. These consultations will be documented in the evaluation and considered or adopted when making the environmental impact determination.

A Wetlands

The proposed action will be evaluated through a site visit, review of soil maps, and, if necessary, assistance from NRCS. NRCS has wetland definition maps, which may not be complete, to determine whether the action would:

- C be located within or adjacent to a wetland
- C affect the values and functions of the wetland by such means as converting, filling, draining, or directly discharging into the wetland.

No loan shall be approved for an action that involves the filling, dredging, draining, or other conversion or manipulation of a wetland. Carefully consider alternatives to avoid unnecessary adverse impacts to wetlands. If necessary, obtain NRCS assistance to determine whether wetlands will be affected.

B Flood Plains

The preparer shall make a determination as to whether flood plains will be potentially impacted by the proposed action. If potential impacts are noted after completing FSA-850, the preparer should follow the provisions in RD Instruction 1940-G, Exhibit C.

- Indicate whether the project:
 - C includes or involves an existing structure located within a 100-year flood plain (500-year flood plain if critical action)
 - Would be located within a 100-year flood plain (500-year flood plain if critical action) and would affect the values and functions of the flood plain by such means as converting, dredging, filling, or clearing the natural vegetation.
- C Review the most current Flood Insurance Rate Map or Flood Insurance Study issued for the project area by FEMA. When more specific information is needed on the location of a flood plain; for example, the project site may be near the boundary of a flood plain; or for assistance in analyzing flood plain impacts, it is often helpful to contact FEMA's regional office staff.

If the proposed action is to be located within a Special Flood Hazard Area as determined by FEMA, it may be necessary to obtain a construction permit from the local flood plain management authority.

B Flood Plains

(Continued)

If a FEMA flood plain map has not been prepared for a project area, detailed assistance is normally available from any of the following agencies:

- C FEMA
- C FWS
- C NRCS
- C Corps of Engineers
- C USGS
- appropriate regional or State agencies established for flood prevention purposes.

C Water Quality

Evaluate the extent to which the proposed project may:

- create shortages for or otherwise adversely affect the withdrawal capabilities of other present users of the raw water supply, particularly in terms of possible human health, safety, or welfare problems
- impair a water quality standard, including designated and/or existing beneficial uses, or would not meet applicable antidegradation requirements.

FSA will not provide financial assistance to any activity that would either impair a State water quality standard, including designated and/or existing beneficial uses that water quality criteria are designed to protect, or not meet antidegradation requirements. When necessary, the proposed activity will be modified to protect water quality standards, including designated and/or existing beneficial uses that water quality criteria are designed to protect, and meet antidegradation requirements.

D Sole Source Aquifer Recharge Area

The preparer should consult the State Natural Resource Management Guide to determine whether the proposed action will impact a sole source aquifer recharge area. If the proposed action lies within or will affect a sole source aquifer recharge area as designated by EPA, contact the appropriate EPA regional office to determine whether its review is necessary. If the review is necessary, attach the results of the review. If no agreement exists with EPA, this obviates the need for EPA's review of the type of action under consideration. The NRCS Field Office Technical Guide should have the maps.

E Critical Habitat or Endangered/ Threatened Species

The proposed project will be reviewed to determine whether it impacts habitat of endangered/threatened species (listed or proposed) by determining whether the proposed project:

- C contains an endangered/threatened habitat within the project site
- C is adjacent to an endangered/threatened habitat
- C would affect an endangered/threatened habitat or species.

FSA will not approve any FSFLP loan that is likely to do either of the following:

- jeopardize the continued existence of any plant or wildlife species listed by the Secretary of Interior as endangered or threatened
- C destroy or adversely modify the habitats of listed species when these habitats have been determined critical to the species' existence by the Secretary of Interior, unless FSA has been granted an exemption for this proposal by the Endangered Species Committee pursuant to Endangered Species Act, Section 7, paragraph (h).

FSA shall follow the consultation procedures required under Endangered Species Act, Section 7 as specified in 50 CFR Part 402. Refer to RD Instruction 1940-G, Exhibit D for further guidance on the consultation process.

F Wilderness

The preparer shall consult the State Natural Resource Management Guide to determine whether the proposed action will impact designated or proposed wilderness area by determining whether the proposed action would either:

- C be located in a wilderness area
- C affect a wilderness area, such as by being visible from the wilderness area.

G Coastal Barriers

CBRA applies to barrier islands that Congress has designated for inclusion in CBRS. Since coastal barriers are only found in East and Gulf Coast States, no other State Offices fall under the requirements of CBRA and, therefore, do not need to be concerned with these implementation procedures. The State Natural Resource Management Guides for these applicable States contain lists of the coastal barriers included in CBRS.

On coastal barriers that are included in CBRS, CBRA prohibits any new expenditures or new financial assistance by the Federal Government. Refer to RD Instruction 1940-G, Exhibit L for a list of exceptions provided in CBRA, Section 6.

For those actions that are reviewed and determined not to be within CBRS, the environmental reviewer must document this result by checking the appropriate compliance blocks on FSA-850.

For those actions that would be located within CBRS, either of the following steps must be taken.

IF the environmental reviewer concludes that the proposed action	THEN
does not meet the criteria for an exception under CBRA, Section 6	the action must be denied by the approving official and the affected applicant must be informed of the reason for denial. If it is determined that the action may qualify for an exception, the following step must be implemented before a decision on this question.
may meet the exception criteria	consultation shall be initiated with the Secretary of the Interior by either SED or the National Office. FSA shall request the Secretary's views as to whether the exception criteria are met and shall provide the Secretary with the following information:
	C a detailed description of the action and its location
	C a description of the affected environment within CBRS and the impacts of the proposed action
	C the applicable exception criteria and FSA's reasons for believing they apply to this action
	C if a Section 6(a)(6) exception is claimed, FSA's reasons for believing the action to be consistent with the purposes of CBRA.

H Coastal Zone Management Area

For coastal or Great Lake States, the State Natural Resource Management Guide will be reviewed to determine whether the proposed action will be located in an approved Coastal Zone Management Area. If the proposed action would be located within this area and no agreement exists with the responsible State agency, this obviates the need for a consistency determination for the type of action under consideration.

Indicate if the action is within or will impact a coastal area defined as such by the State's approved Coastal Zone Management Program. If so, consult with the State agency responsible for the Coastal Zone Management Program to determine the action's consistency with the program. The results of this coordination shall be included in FSA-850.

I Wild or Scenic River

Review the State Natural Resource Management Guide to determine whether the proposed action will impact a wild or scenic river, which is proposed, designated, or identified in the Department of the Interior's nationwide inventory. An impact will occur if the proposed action meets 1 of the following criteria:

- C would be located within 1-quarter mile of the river's banks
- C involves withdrawing water from the river or discharging water to the river by a point source
- C would be visible from the river.

FSA shall not:

- C provide financial assistance or plan approval for any water resource project that would have a direct and adverse effect on the values for which a river has been either included in the National Wild and Scenic Rivers System or is designated for potential addition
- approve a project located below or above a wild, scenic, or recreational river area, or on any stream tributary thereto which will invade the area or unreasonably diminish the scenic, recreational, and fish and wildlife values present in the area.

If potential impacts are noted during the completion of FSA-850, consult RD Instruction 1940-G, Exhibit E.

J Important Farmland, Prime Forest Land, and Prime Rangeland

Subtitle I of the Agriculture and Food Act of 1981, Pub. L. 97-98, created the Farmland Protection Policy Act. The Farmland Protection Policy Act requires:

- C the consideration of alternatives when an applicant's proposal would result in the conversion of important farmland to nonagricultural uses
- C that Federal programs, to the extent practicable, be compatible with State, local government, and private programs and policies to protect farmland.

The preparer of FSA-850 shall review available important NRCS farmland maps to determine whether the general area within which the proposed action is located contains important farmland. Those actions that are determined to result in the lease, disposal, or financing of an existing farm, residential, commercial, or industrial property with no reasonably foreseeable change in land use and those actions that solely involve the renovation of existing structures or facilities would require no further review. Since these actions have no potential to convert land uses, this finding would simply be made by the preparer in completing the environmental assessment for the action. Also, actions that convert important farmland through the construction of on-farm structures necessary for farm operations are exempt from the farmland protection provisions of this section.

Consult the State Natural Resource Management Guide along with NRCS maps to determine whether the proposed project will impact prime forest lands or prime rangelands. Conversions are allowed for these resources if the conversion would result from the construction of on-farm structures necessary for farm operations.

K Natural Landmark

Review the State Natural Resource Management Guide to determine whether the proposed project will impact a natural landmark that is listed on the National Registry of Natural Landmarks.

L Historical and Cultural Properties

The National Historic Preservation Act, Section 106 must be complied with for all proposed projects. Consultation in writing with either the State Historic Preservation Officer or Tribal Historic Preservation Officer is necessary for all proposed actions unless they have been exempted through a State Programmatic Agreement.

The proposed action must be reviewed to determine either of the following:

- C whether it contains a historical or archaeological site within the construction site
- C whether it would affect a historical or archaeological site.

If the preparer of FSA-850 disagrees with a requirement from the State Historic Preservation Officer or Tribal Historic Preservation Officer to complete an archaeological survey, SEC should be contacted for assistance. In most cases, the use of alternative sites or mitigation measures may eliminate the need for a survey.

Further guidance concerning historical and archaeological properties is in RD Instruction 1940-G, Section 1940.305(g).

M Air Quality

Review the proposed action to determine whether any emissions will be produced to include all aspects of the action, including beneficiaries' operations and known indirect effects, such as increased motor vehicle traffic, which will affect air quality.

Review the following:

- project's consistency with the State's air quality implementation plan for the area
- c status of compliance with air quality standards within that region.

Cite any contacts with appropriate experts and agencies that must issue necessary permits.

N Environmental

Justice

The proposed action will be reviewed to determine whether it complies with the provisions of Executive Order 12898, Executive Order on Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations. The proposed action must not adversely affect any low-income or minority communities. If low-income or minority communities may be affected, every effort should be made to fully inform the communities of the proposed action and potential impact.

O Social and Economic Impacts

Review the proposed action to determine whether it would result in any adverse impacts to the local economical structure as well as the social structure. For example, will the project increase traffic and cause the need for additional road systems in the area. Also, consider any potential benefits.

73 Responsibilities

A FSA Responsibilities

This table lists the responsibilities of FSA offices.

Office	Responsibility	
County	Prepares FSA-850 and any associated documentation.	
Soil and Water Conservation District	When necessary, assists the County Office in completing FSA-850.	
State	SEC shall provide: C training as necessary to County Offices on the proper completion of FSA-850 C any necessary support, including maps, address, and contracts, to the County Office in completing FSA-850.	
National	Shall: C provide training and support to SEC as needed C assist in completing any Environmental Impact Statements when necessary.	

B Applicant Responsibilities

FSA expects applicants to:

- consider the potential environmental impacts of their requests at the earliest planning stages and to develop proposals that minimize the potential to adversely impact the environment
- contact County Offices to determine FSA's environmental requirements as soon as possible after they decide to apply for an FSFLP loan
- provide information necessary to evaluate their proposal's potential environmental
 impacts and alternatives to them. For example, the applicant will be required to
 provide a complete description of the project elements and the proposed site or
 sites to include location maps, topographic maps, and photographs when needed.

74 Determining Significant Impacts

A Other Actions

In using the criteria for a significant impact, the cumulative impacts of other FSA actions planned or recently approved in the proposal's area of environmental impact, other related or similarly located Federal actions, and non-Federal related actions must be given consideration. This is particularly relevant for frequently recurring FSA actions that on an individual basis may have relatively few environmental impacts, but create a potential for significant impacts on a cumulative basis.

B Criteria for Wetlands and Flood Plains

Because the environmental values and functions of wetlands and flood plains are of critical importance to man, and because these areas are often extremely sensitive to man-induced disturbances, actions that affect wetlands and flood plains will be considered to have a significant environmental impact whenever 1 or more of the following criteria are met.

C The public health and safety are identifiably affected; that is, whenever the proposed action may affect any standards promulgated under the Safe Drinking Water Act (42 U.S.C. 300f et seq.), the Clean Water Act (33 U.S.C. 1251 et seq.), or similar State authorities.

B Criteria for Wetlands and Flood Plains (Continued)

- C The preservation of natural systems is identifiably affected; that is, whenever the proposed action or related activities may potentially create or induce changes in the existing habitat that may affect either of the following:
 - c species' diversity and stability, both flora and fauna and over the short and long term
 - C ecosystem productivity over the long term.
- C The proposal, if located or carried out within a flood plain, poses a greater than normal risk for flood-caused loss of life or property. Examples of these actions include facilities that:
 - C produce, use, or store highly volatile, toxic, or water-reactive materials
 - C contain occupants who may not be sufficiently mobile to avoid the loss of life or injury during flood and storm events, such as hospitals, nursing homes, and schools.

75 Other Actions

A Assessments

If after completing FSA-850 the preparer determines there will be some impacts to the resources listed and no alternatives or mitigation measures exist, a Class II Environmental Assessment will be completed according to RD Instruction 1940-G, Section 1940.318 and Exhibit H.

If it is determined from completing the environmental assessment process that there are significant impacts and no alternatives or mitigation measures exist, the County Office shall do either of the following:

- deny the applicant's request for a loan
- request SED to request assistance from the National Office for further assessing the impacts of the project and any associated alternatives and mitigation measures.

B Emergencies

When emergency circumstances arise that prevent the implementation of the provisions of this section, follow the provisions in RD Instruction 1940-G, Section 1940.332.

C Monitoring

FSA staff, who normally have responsibility for the post-approval inspection and monitoring of approved projects, shall ensure that those mitigation measures that were identified in the approval stage and required to be undertaken to reduce adverse environmental impacts are effectively implemented.

FSA staff shall review the action's approval documents and consult with the preparer of the action's environmental review document before making site visits or requesting project status reports to determine whether there are environmental requirements to be monitored.

- C The preparer will directly monitor actions containing difficult or complex environmental special conditions.
- C Before certifying that conditions contained within offers of financial assistance have been fully met, the responsible monitoring staff will obtain the position of the preparer for those conditions developed as a result of the environmental review.
- C Whenever noncompliance with an environmental special condition is detected by FSA, SEC will be immediately informed who will then take appropriate steps, in consultation with the responsible program office, to bring the action into compliance.

D Due Diligence

The release or presence of a hazardous substance, hazardous waste, or leaking underground storage tank on a property could affect the value of the property that is offered as security for a loan. Furthermore, a borrower with substantial liability associated with hazardous waste contamination or a leaking underground storage tank may indicate a severely diminished ability to repay. Therefore, due diligence will be performed for all new loans involving real estate as security, including real estate offered as additional security. Due diligence will be completed by the County Office by completing the Transaction Screen Questionnaire, which is available from all SEC's.

D Due Diligence (Continued)

If FSA determines that the property being offered as security contains possible hazardous waste contamination based on the completion of a Transaction Screen Questionnaire, FSA shall notify the applicant that no further processing of their loan application can take place until 1 of the following occurs:

- C the applicant provides an environmental site assessment completed by a qualified environmental professional that shows the property offered for security is not contaminated
- C new noncontaminated property is offered as security for the loan or loans
- the contaminated property being offered as security has been fully remediated according to a plan approved by the appropriate regulatory agency
- C the contaminated property can be subdivided, thus leaving a noncontaminated property to offer as security.

76-85 (Reserved)

Part 5 (Reserved)

86-100 (Reserved)

101 COC Review

\mathbf{A}

Responsibility

COC shall determine:

- C whether the applicant meets all eligibility requirements
- C whether the proposed facility or renovation is eligible and needed
- C whether the estimated yields and acreages to calculate needs are reasonable
- C whether the environmental conditions of the site would place CCC at risk
- C the type of security to be required
- C the conditions of approval.

B Approvals and Disapprovals

COC shall do either of the following:

- C approve the loan within COC authority by signing CCC-185 and document determinations in executive COC minutes
- C disapprove the loan, stating why in the COC executive meeting minutes.

Note: County Offices shall provide the applicant with notification and appeal rights, if applicable.

\mathbf{C}

Referrals to STC

For applications that require consideration by STC because STC has set a COC loan approval limit, County Offices shall submit:

- C copies of the complete application with supporting documentation as specified by STC
- C a copy of an aerial photograph of the proposed site where the facility will be located identifying roads and other key features
- C recommendations from COC about the applicant's credit history, ability to repay, and type of security.

D

STC Action

STC shall:

- C approve or disapprove all applications referred
- C indicate approval by signing CCC-185
- C explain reasons for not approving applications in a memorandum to COC
- C provide the applicant with notification of disapproval and appeal rights, if applicable, according to 1-APP
- C return entire case file to the County Office.

E Confidentiality of Applicant's Financial Information

For CCC to provide confidentiality of an applicant's financial information, STC's and COC's shall:

- not view financial information, such as balance sheets and cash flow statements, provided by applicants
- C not discuss an applicant's financial information with anyone outside of the State or County Office
- C obtain a recommendation for approval regarding the applicant's credit history and ability to repay from an STC representative or STC-designated CED or Farm Loan Manager
- C use the recommendation to determine whether:
 - C an applicant's credit history is satisfactory
 - C the applicant has the ability to repay debt resulting from the loan.

A

Completing CCC-185, Page 2

After careful consideration of CCC-185, supporting documentation, and staff recommendations, COC or designee shall complete CCC-185, page 2 according to the following.

Item	Instructions		
15A	Insert the amount determined according to paragraph 15.		
	Exception: The approving committee may enter the following:		
	C an amount that is less than the maximum amount based on the applicant's request		
	Note: Enter the amount and the notation "as requested by applicant" in the remarks section.		
	C an amount that is less than the maximum amount based on a COC decision		
	Note: Enter the amount and a notation in the remarks section explaining COC's reasons for the decision.		
	C an amount that is less than the maximum amount based on certain conditions.		
	Note: List the conditions of approval in the remarks section.		
15B	Enter number of loan installments.		
15C	Enter a date that is 4 months following the date of approval.		
15D	When known, enter the date the approval letter was sent to the applicant.		
16	Approving authority shall sign and date.		
17	Enter the County Office name and address.		
18	Enter the type of security required by the approving committee.		
	Example: 1st lien on the 133-acre parcel where the facility is to be located.		
19	Use for any appropriate remarks.		

B Example of CCC-185, Page 2

Following is an example of CCC-185, page 2.

					
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 \mathbf{C}

Distribution County Offices shall:

- C retain original in the loan folder
- C attach to APSS version of CCC-185
- C send a copy to the loan applicant with the loan approval letter.

103-114 (Reserved)

Part 7 Closing Loans

115 Finalizing Loans

 \mathbf{A}

Finalizing Loans of \$50,000 or

County Offices shall take the following steps, not necessarily in this order, when

finalizing loans where the loan amount is \$50,000 or less.

Less

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See an example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See an example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	If applicable, prepare CCC-297 and obtain lien holders' signatures to sever collateral from real estate law. See paragraph 118.
6	Obtain proof of:
	C multi peril and, if applicable, flood insurance C crop insurance C current real estate taxes.
7	Inspect the facility. See paragraph 122.
8	Confirm a loan closing date with the applicant.
9	Prepare CCC-186 for the closing date.
10	Prepare checks for the closing date.
11	On the closing date:
	C perform a final lien search on the collateral C meet with the applicant and obtain all necessary signatures C distribute checks to producer and other applicable payees.

В **Finalizing Loans**

County Offices shall take the following steps, not necessarily in this order, when **Greater Than** finalizing loans where the loan amount is for more than \$50,000.

\$50,000

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See an example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See an example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	Borrower selects a closing agent.
6	Require title insurance or obtain final title opinion.
7	Review title opinion.
8	Obtain proof of:
	C multi peril and, if applicable, flood insurance C crop insurance C current real estate taxes.
9	Issue closing letter to the agent with instructions to obtain a first lien up to the loan amount by requiring subordination agreements from real estate lien holders.
10	After completion, inspect the facility.
11	Prepare CCC-186.
12	Provide CCC-186 to the closing agent.
13	Disburse loan proceeds.
14	Closing agent closes the loan.

116 Examples of Loan Approval and Initial Determination Letters

A

Example of Loan

Following is an example of a loan approval notification letter.

Approval Notification

Letter

(Date of Letter)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Please be advised that the Commodity Credit Corporation has (insert "conditionally" if there are conditions of approval) approved your request for a Farm Storage Facility Loan in the amount of (Loan Amount). The loan will be repaid in equal installments over a period of 7 years and will carry an annual interest rate of (Loan Interest Rate) for the entire term. Your loan has also been funded.

Loan approval will expire (4 months after the date of approval). If you need additional time to complete construction, you must submit a request for an extension, in writing, providing evidence that the lack of completion is for reasons beyond your control.

As soon as possible, you must:

- C complete construction and notify this office when the facility is ready for inspection
- provide evidence of final cost of the facility to this office
- (insert conditions of approval).

We will:

- C compute the final net cost of the facility and request an increase in funding, if needed
- prepare loan and real estate mortgage documents
- ${f C}$ notify you of a loan closing date.

Please keep us informed of any changes that can affect your loan approval.

Sincerely,

County Executive Director

For the (County Name) FSA County Committee

116 Examples of Loan Approval and Initial Determination Letters (Continued)

В

Example of Initial

Following is an example of an initial adverse determination letter.

Adverse

Determination

Letter

(Date of letter)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Your request for a Farm Storage Facility Loan from the Commodity Credit Corporation filed on (insert date of application) has been reviewed by the County FSA Committee. The request was not approved. The reason we did not approve your request for a loan is:

(Insert specific reasons for not approving the loan in plain language. Add a citation of the specific CFR reference and a reference to a specific 1-FSFL paragraph. Include a copy of the applicable handbook reference.)

If you disagree with the County Committee's decision, you may request reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP, subparagraph 27 B.)

Thank you for your interest in the program.

Sincerely,

County Executive Director
For the (County Name) FSA County Committee

117 (Reserved)

A
When CCC-297
Is Required

CCC-297 is required when needed to sever collateral from real estate law.

В

When CCC-297 Is Not Required

CCC-297 is not required:

- C if collateral is considered a nonfixture or loan is secured by a first lien on real estate
- C from FLP's except in unusual cases.

C State Office Action

State Offices shall request the Regional Attorney to provide CCC-297 or a similar form and applicable instructions.

D County Office Action

County Offices shall instruct applicant to obtain a title opinion or search or review appropriate county records as necessary to determine what CCC-297's may be required to protect CCC's interests.

E STC Action

STC's may enter into blanket CCC-297's with lenders if CCC-297's are approved by the Regional Attorney.

A

Security Instruments

State Offices shall develop a real estate lien instrument in consultation with their Regional Attorney. The security instrument may be a real estate mortgage, deed of trust, or other type of instrument. The security instrument must be used for all loans over \$50,000.

В

Signatures

For a lien on real estate:

- C the borrower shall sign the instrument
- C the borrower's spouse shall also sign the instrument in States where spousal signatures are required by statute.

\mathbf{C}

Closing Agent Action

The closing agent shall:

- C prepare the instrument
- C file or record the original document according to State law.

D County Office Action

County Offices shall:

- C file a copy of the instrument in the loan folder
- provide a copy of the instrument to the borrower
- C record the filing date, place, book, and page number on the County Office copy.

 \mathbf{E}

Land Already Encumbered

If CCC requires a first lien and the land is already encumbered or subject to a prior lien, the County Office shall advise the closing agent that a subordination agreement shall be recorded making CCC's lien a first lien on the real estate where the facility is to be located.

Exception: See subparagraph 14 C.

F

Lien Provisions

The lien on the site on which the facility is to be located must:

- C contain an exact legal description of the site
- C grant CCC access rights to the property.

G

Fees

The borrower shall pay all title fees and the cost of filing or recording real estate liens before the loan is disbursed.

120 (Reserved)

A

Acceptable Cost Documents

County Offices shall review:

- C final evidence of total cost
- C proof of downpayment
- C payment of amounts in excess of the loan.

Note: Evidence must be signed and dated by the seller.

В

Examples

The following are examples of acceptable evidence of cost documents:

- C a sales document or receipt, which is signed and dated by the seller
- C a certification, which is signed and dated by the seller or provider of services
- C a canceled check, which is supported by a signed and dated sales document
- C a receipt, which is signed and dated by the seller or provider of services.

C County Office Action

County Offices shall:

- date-stamp originals, make a copy for the borrower if necessary, and retain original evidence in the loan folder
- considered necessary to support costs or downpayment
- C verify evidence with sellers, if necessary
- C obtain COC reconsideration if final review indicates that:
 - C final costs exceed costs on which COC approval was based
 - C final documentation includes items not in the original approval
- censure that all necessary actions and forms have been completed
- C calculate the amount to be disbursed according to paragraphs 15 and 16.

 \mathbf{D}

Trade in Allowances

County Offices shall not allow trade in allowances.

Example: Borrower has an old grain dryer he or she values at \$1,000 to

- C trade in to the storage bin distributor
- C use towards the downpayment.

122 Inspection and Disbursement

A

Inspection

County Offices shall:

- C inspect the facility after the applicant has advised that the installation is complete
- C document the results of the inspection in the loan folder on FSA-577.

В

Disbursement

County Offices shall disburse the loan as follows:

- C prepare a check in APSS according to Part 8
- disburse a check jointly to the borrower and suppliers unless there is evidence that all amounts due suppliers have been paid.

A

Extensions That May Be Granted

Loan approvals expire 4 months after the date of approval. COC's shall:

- Obtain approval from STC to grant up to an additional 4-month extension if there are bona fide delays in construction
- C grant extensions only if the borrower:
 - C submits a written request for an extension
 - C provides evidence that the application was made in good faith
 - C provides evidence that lack of completion is because of reasons beyond his or her control

Examples: The following are examples of reasons beyond the borrower's control:

- C delays in the delivery of parts
- C bad weather conditions
- C lack of necessary skilled labor
- C legal delays involving real estate liens.
- C grant extensions only for the time necessary to complete the installation
- C not grant automatic extensions
- C not grant extensions when equipment has not been delivered to the farm before the approval expires.

Exception: The applicant provides a binding contract signed by the applicant and supplier proving there is a purchase commitment.

124-135 (Reserved)

Part 8 Disbursing Loans

136 Preparing Manual CCC-186

A Manually Preparing CCC-186

When APSS is not available, County Offices shall manually prepare CCC-186 as follows.

Item	Instructions
1A	Enter the State code.
1B	Enter the county code.
1C	Enter the loan number.
2	Enter the amount calculated according to paragraph 15.
3	Enter the annual interest rate in effect at time of approval.
4	Enter an approximate total finance charge. Use System 36 amortization schedule software to calculate finance charge and installment amount.
5	Enter the applicable number of annual installments.
6	Enter the installment amount.
7	Enter the borrower's name, address, and telephone number.
	Describe the collateral, where indicated.
	Describe the location of the real estate where the collateral is located, where indicated.
8	Debtor shall sign.
9	Enter the date of execution.
10A	Debtor's spouse shall sign, if required.
10B	Enter the date of spouse's signature.
11A	COC chairman or designee shall sign.
11B	Enter the title of the approving official.
12	Enter the date of disbursement.
13	Enter the County Office's name and address.
Page 2	Borrower enters initials and date at bottom of page.

B Example of Manual CCC-186

Following is an example of a manual CCC-186.

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B Example of Manual CCC-186 (Continued)

CCC-186 (05-05-00) Reverse

CCC-186 TERMS AND CONDITIONS

- 1. The Dector represents, covenants, and agrees that:
- (a) The Behter is the absolute and exclusive evene of the collateral paid collaboral is fee from all liens, encurrhances, or other security interests, and the Declar will warrant and defend the collateral against the claims of a ligher sersons.
- (b) The Debtor will use the loan funds secured hereby for the purpose for which they are solve need and will properly dare for the collateral land keep it in good condition and available, to the storing and conditioning of the applicable commodities until the loan is repair. The Debtor will promptly pay when due all indebtedness secured hereby, at taxes, long and other sharpes assessed upon or althorning to the deliateral and will not denounted the collateral remove, sell, an atherwise discose of the collateral or of any interest therein an permit others to be set.
- (c) Any authorized representative of CCC may at any time enter upon the premises where the collateral is located and inspect the same.
- (d) If any amounts required herein to be paid by himfler are not build when the They may be paid by CCC which shall be secured for such payments and interest the feor at the applicable rate of interest that it is effect. Such payments shall be due and payable to CCC immediately without demand at the office of the FSA County Committee which signed this more.
- 2. The Debtor certifies that the evidence furnished to the FSA County Committee as to the cost of the colleteral represents the total met of such property and that all debts on the property in excess of the amount of the local larve been paid, that he she has read this note and security agreement and heather backet unders and such agrees that the our is made sub-off to and in consideration of the representations, warranties and agreements consideration. In that this note is subject to the present regulations of GCC and to its future regulations not inconsistent with the express provisions hereof.
- 3. Upon default hereunder pateither by failure to pay prostpily any indets schools or installment intereor is interest flescon, or to deform any poverants or agreements benefit contained, or if any of the Deblor's representations or warranties herein or if the dark application proves false, or upon the death, bankin play, insolvency, or incompetency of the Deblor or subschied not lovy on collatoral by any could process.
 - (a) CCC may declare the entire indeptedness secured hereby immediately due and paysible. In that event, CCC may remove the politeral and sell same, at such time. In such manner, for each or upon such terms and conditions as it may obtain no, at private or public sale, and without command, advertisement, or notice of the time and place of sale or upigonment thereof, or inherence.
 - (b) The Debtor hereby walves all rights of notice, expressal, computably discoeffior, exemption, and redemption he/she may otherwise have by law.
 - (c) A default will exist under any other security instrument haid by CCC and executed or assumed by the Debtonon real or personal property, and default under any such other security instrument will constitute default hereunden.
- 4. The colls erol is adquired by CCC through foreclosure or other means, a the option of CCC and all no expense to CCC, such procedy shall remain on the above-described real estate for a certad not to exceed six (6) months effect the date of acquired by CCC.
- 5. Proceeds for disposition of the collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling, and for payment of reasonable attorneys fees and legal expenses incurred by CCC, second to the satisfaction of indictiodness sociarch forces; third to the satisfaction is submitted security, introsts to the extent required by law fourth to any other obligations of the Destinousing from insured by CCC, and fifth in the Destinous The Destinous The Better will be defined by sweet to CCC after such a sposition of proceeds of collaters.
- t is the intent of the Debtor and CCC that to the extent point field by law and for the surpose of this note and security
 agreement the collateral covered hereby shall remain personally and shall not be assessimed to other goods.
- figure provision of this note and security agreement is hold invalid or unanimosable it shall not affect gry other crows ons
 being furth's note and security agreement shall be covariated as if it had nover materials invalid or unerforcestable
 provision.
- 6. The rights and privileges of GCC under this nere and security agreement shall inure to the benefit of its successors and assigns. All resonants, warranties representations, and agreements of the Depter contained in this note and security agreement are joint and several and shall pind personal representatives, heirs, successors, and assigns.
- 9. The terms and conditions route ned on this formate in addition to the applicable program regulations found at 7 C.F.B. 1438. To the extent the increased conditions conflict with the regulations the regulations preval. Additionally, the regulations and statutes applicable to CCC operations apply to this program.

Delma Scritistic	Date orticle.l:
Co-Destor a Millalati	Cara Inicalas:

 \mathbf{A}

CCC-186-1 County Offices shall use CCC-186-1 where additional co-debtor signatures are

Continuation required.

Sheet

138-149 (Reserved)

Part 9 Basic Servicing Policies

150 Collecting Installments and Debt Settlement

A Installment

Payments

[7 CFR 1436.13] The loan shall be repayable in equal annual installments of principal and interest amortized over the term of the loan.

Installments are due and payable no later than the last day of each 12 months of the loan period until the principal plus accrued interest has been paid in full.

B Method of Payment

The payment of each installment may be by any of the following:

- C cash
- C money order
- C wire transfer
- C personal, certified, or cashier's check
- c setoff from marketing loan and LDP proceeds anytime after the first anniversary of the loan.

Repayment shall be applied first to accrued interest and then to principal.

C Producer Notification

[7 CFR 1436.13] County Offices shall notify debtors of the installment amount due 45 calendar days in advance of the anniversary date of the loan.

D Failure to Pay Installments

County Offices shall:

- C issue a first demand letter if the installment payment is not made on the last day of the due and payable period, and proceed according to 58-FI
- C establish a claim, according to 58-FI, for the installment amount due and charges plus interest for any installment not paid within 30 calendar days after the due and payable date
- C assess late payment interest according to 58-FI.

E Debts Due CCC and Others

If the producer is indebted to CCC or to any other United States agency, loan proceeds or payments due the producer after deductions for the amounts provided in subparagraph C shall be applied, according to 58-FI, to this indebtedness.

Loan Acceleration

F

CCC may:

- C declare the entire indebtedness immediately due and payable if the borrower:
 - C violated any of the terms and conditions of the application
 - C breaches any of the terms and conditions of any of the instruments executed in connection with the loan
- C call the loan if the collateral is used in connection with any commercial operation, including but not limited to, elevators, warehouses, dryers, or processing plants during the life of the loan.

Note: The loan may be paid in full or in part at any time before maturity.

G

Releasing Security

Upon payment of a loan in full, County Offices shall:

- C release or obtain the release of security documents upon request by the borrower, or as otherwise required by State law
- C require the borrower to pay all release fees
- C mark the original CCC-186 "paid" and forward to the borrower after 30 calendar days from the date of repayment.

151 Real Estate Taxes

A

Borrower's Responsibility

[**7 CFR 1436.14**] The borrower must:

- c pay all real and personal property taxes that may affect CCC's security interest in all collateral securing the note
- provide proof of payment of taxes to the County Office annually.

В

Unpaid Taxes

County Offices shall:

- C not disburse loans when real estate taxes are not current
- C monitor the real estate tax status of each borrower
- CCC's security interest is in jeopardy
- bill the borrowers for the amount of the tax paid
- C increase the lien on the collateral by the amount of the tax paid by adding the tax paid to the current installment due
- C begin proper servicing action, such as calling the loan.

\mathbf{A}

Maintenance

[7 CFR 1436.15] The borrower must maintain the loan collateral in a condition suitable for the storage of 1 or more of the facility loan commodities.

County Offices shall:

- C conduct annual collateral checks of all outstanding loans
- C if possible, conduct checks in conjunction with other FSA loan program collateral checks
- C ensure that CCC is listed as a loss payee on fire and flood insurance policies

Note: Structures must be insured against all perils and against flooding if the structure is located in a flood plain.

- C review proof of fire and flood insurance provided to FSA by insurance companies
- have rights of access where the facility is located according to a term in CCC-186 whether or not there is a real estate mortgage.

B Liability

Until the loan has been repaid, the borrower shall be liable for all damages to or destruction of the collateral. CCC shall not assume any loss of the loan collateral.

A

Sale of Collateral

[7 CFR 1436.16] The collateral securing a loan shall be sold by CCC whenever:

- CCC has called the loan and it has not been repaid
- the borrower voluntarily conveys the collateral to CCC before repaying the loan
- the borrower desires to convey other property securing the loan without repaying the loan.

Note: Before a borrower sells or conveys the facilities or other property securing a loan without repaying the loan in full, the borrower shall obtain approval for sale or conveyance from COC.

В

Assumptions

An assumption of the loan may be approved by CCC.

154 Appeals, Misaction, and Misinformation

A

Adverse Determinations

Approving authorities making adverse determinations against loan applicants and borrowers shall:

- C provide mediation, reconsideration, and appeal rights according to 1-APP
- C follow procedure in 1-APP to process and act upon appeals.

B

Misaction and Misinformation

When there is misaction, misinformation, or a situation involving the finality rule, follow procedure in 7-CP.

155-165 (Reserved)

Parts 10-17 (Reserved)

166-275 (Reserved)

Part 18 Requests for Relief

276 Other Situations

A

County Office Action

To address special situations, County Offices shall:

- C prepare a memorandum to STC containing:
 - C full details of the situation
 - C purpose of the request
 - COC recommendations
- provide copies of all applicable loan documents, including COC minutes
- C forward the request to STC.

B State Office Action

If STC concurs with the COC request, State Offices shall:

- C prepare a memorandum to DAFP containing:
 - C full details of the situation
 - C purpose of the request
 - C STC and COC recommendations
- C provide copies of all applicable loan documents.

\mathbf{C}

DAFP Action

DAFP shall:

- C approve or disapprove the request
- C notify the applicable State Office.

Reports None

Forms This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026A	Supplemental to AD-1026 (Continuation)		11
CCC-184	CCC Check		46
CCC-185	Loan Application and Approval for Farm Storage and Drying Equipment Loan Program	42, 102	2, 10, 58, 101
CCC-186	Promissory Note and Security Agreement	136	13, 14, 115, 150, 152
CCC-186-1	CCC-186-1 Continuation Sheet		137
CCC-190	Farm Storage Facility Loan Program Lien Waiver		43, 47
CCC-297	Severance Agreement		43, 115, 118
CCC-502	Farm Operating Plan for Payment Eligibility Review		11
FSA-431-2	Farm and Home Plan		42, 44
FSA-577	Report of Supervisory Check		122
FSA-850	Environmental Evaluation Checklist		43, 70-73, 75
UCC-1	Financing Statement		1, 14, 43, 47, Ex. 2
UCC-3	Statement of Continuation		47

Abbreviations Not Listed in

The following abbreviations are not listed in 1-CM.

1-CM

Approved Abbreviation	Term	Reference
CBRA	Coastal Barrier Resource Act	72
CBRS	Coastal Barrier Resource System	72
FSFLP	Farm Storage Facility Loan Program	Text, Ex. 2
NEPA	National Environmental Policy Act	70
SEC	State Environmental Coordinator	70-73, 75

Redelegations of Authority

This table lists the redelegations of authority in this handbook.

Redelegation	Reference
CED may be delegated authority by COC to sign all forms or documents, except CCC-185.	2

Aggregate
Outstanding
Balance

Aggregate outstanding balance means the sum of the outstanding balances of all FSFLP loans disbursed to the borrower.

Assumption

<u>Assumption</u> means the act or agreement by which 1 borrower takes over or assumes the mortgage debt of another borrower.

Collateral

<u>Collateral</u> means the storage structure, drying equipment, or handling equipment securing the loan.

Commercial Purpose

<u>Commercial purpose</u> is defined as the storage and handling of grain, whether paid or unpaid, for persons other than the loan applicant. Any facility that is in working proximity to any commercial storage operation shall be considered to be part of a commercial storage operation.

Compromise

<u>Compromise</u> means CCC's consideration of the borrower's offer to settle a loan by lump sum repayment or rescheduling a loan for an amount that may be less than the sum of the outstanding principal plus interest.

Direct Impact

A <u>direct impact</u> is an impact caused by the action and that occurs at the same time and place.

Facility Loan Commodities

<u>Facility loan commodities</u> are wheat, rice, soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, crambe, other oilseeds as determined and announced by CCC, corn, grain sorghum, oats, or barley harvested as whole grain.

Flood Plains

<u>Flood plains</u> are lowland and relatively flat areas adjoining inland and coastal waters, including flood-prone areas of offshore islands. At a minimum, flood plains consist of those areas subject to a 1 percent or greater chance of flooding in any given year. The term flood plain will be taken to mean the base flood plain, unless the action involves a critical action, in which case the critical action flood plain is the minimum flood plain of concern.

- C Base flood plain (or 100-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 100 years on the average, the flood having a 1 percent chance of being equaled or exceeded in any given year.
- Critical action flood plain (or 500-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 500 years on the average, the flood having a 0.2-percent chance of being equaled or exceeded in any given year.

Indirect Impacts

<u>Indirect impacts</u> are those reasonably foreseeable environmental impacts that result from the additional facility, residential, commercial, or industrial development or growth that a Federally financed project may cause, induce, or accommodate. Consequently, indirect impacts often occur later in time than the construction of the Federal project and can be removed in distance from the construction site. Those indirect impacts that deserve the greatest consideration include the following:

- C changes in the patterns of land use
- C population density or growth rate
- C corresponding changes to air and water quality and other natural systems.

Mediation

<u>Mediation</u> means CCC's consideration of the borrower's offer because of either of the following:

- C mediation carried out through loan mediation to settle the loan by lump sum repayment
- C rescheduling a loan for an amount that CCC regards as being reasonable compared with other offers that other creditors have accepted considering the priority of security interest that all creditors have held.

Mitigation Measures

<u>Mitigation measures</u> are measures included in a project or application for the purpose of avoiding, minimizing, reducing, or rectifying identified, adverse environmental impacts. Examples of these measures include the following:

- C the deletion, relocation, redesign, or other modification of the project's elements
- C the dedication to open space of environmentally sensitive areas of the project site, which would otherwise be adversely affected by the action or its indirect impacts
- C soil erosion and sedimentation plans to control runoff during land-disturbing activities
- C the establishment of vegetative buffer zones between project sites and adjacent land uses
- C protective measures recommended by environmental and conservation agencies having jurisdiction or special expertise regarding the project's impacts
- storm water management plans to control potential downstream flooding effects that would result from a project
- C zoning
- C reusing existing facilities as opposed to new construction.

No-Action Alternative

A <u>no-action alternative</u> is the alternative of not approving an application for financial assistance.

Nonmovable or Nonsalable Collateral

Nonmovable or nonsalable collateral means either of the following:

- C collateral COC determines cannot be sold and moved to a new location because of the type of construction
- C collateral that has deteriorated to the point that it has no sale recovery value.

Practicable Alternative

A <u>practicable alternative</u> is an alternative that is capable of attainment within the confines of relevant constraints. The test of practicability, therefore, depends upon the particulars of the situation under consideration and those constraints imposed by environmental, economic, legal, social, and technological parameters. This test, however, is not limited by the temporary unavailability of sufficient financial resources to implement an alternative. That is, alternatives cannot be rejected solely on the basis of moderately increased costs. The range of alternatives that must be analyzed to determine whether a practicable alternative exists includes the following categories of alternatives:

- C alternative project sites or designs
- C alternative projects with similar benefits as the proposed action
- C the no-action alternative.

Preparer of Environmental Review Documents

The <u>preparer of environmental review documents</u> is the FSA official who is responsible for:

- C reviewing the potential environmental impacts of the proposed action
- C completing the appropriate level of environmental review.

Severance Agreement

<u>Severance agreement</u> means an agreement under which a party may disclaim security interest in property.

UCC-1

<u>UCC-1</u> is a document that gives legal notice of a lien on chattel property when properly filed or recorded.

Uniform Commercial Code

<u>Uniform commercial code</u> means the system of laws adopted in all States about commercial transactions, such as sales, negotiable instruments, and secured transactions.